

SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 23-150

Organization: Commodity Exchange, Inc. ("COMEX")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/28/23 Filing Description: Amendments to the Daily Settlement Procedure Document for Five (5) Steel Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

March 28, 2023

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Daily Settlement Procedure Document for Five (5) Steel Futures Contracts.
COMEX Submission No. 23-150**

Dear Mr. Kirkpatrick:

Commodity Exchange, Inc. (“COMEX” or “Exchange”) is certifying to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to the Daily Settlement Procedure document (the “Document”) in connection with five (5) steel futures contracts listed in the table below (collectively, the “Contracts”), effective trade date Monday, April 24, 2023.

Contract Title	Rulebook Chapter	CME ClearPort Code	CME Globex Code
U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures	920	HR	HRC
U.S. Midwest Busheling Ferrous Scrap (AMM) Futures	601	BUS	BUS
U.S. Midwest Domestic Steel Premium (CRU) Futures	969	HDG	HDG
North European Hot-Rolled Coil Steel (Argus) Futures	971	EHR	EHR
HMS 80/20 Ferrous Scrap CFR Turkey (Platts TSI) Futures	867	FSF	FSF

The changes to the Document are being implemented to include: (1) specific language regarding the settlement procedure for the spot month contract on a daily basis; and (2) the HMS 80/20 Ferrous Scrap CFR Turkey (Platts TSI) Futures contract (collectively, the “Rule Amendments”).

Exhibit A provides the Rule Amendments in blackline format.

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Compliance with Rules:** As a result of the Rule Amendments, the Exchange shall continue its normal practice to establish, monitor, and enforce compliance with the rules for the Contracts.
- **Prevention of Market Disruption:** The Exchange has the capacity to detect abnormal price movements and unusual trading volumes, including such abnormal price movements or trading volumes as may associated with bilaterally negotiated trades. The Exchange holds the authority to take remedial action as appropriate.

- **Daily Publication of Trading Information:** The Exchange will continue to publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the Contracts.
- **Availability of General Information:** The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.
- **Execution of Transactions:** The Rule Amendments will further enable the Exchange to continue their current practice of providing a competitive, open, and efficient market mechanism for executing transactions.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A: Steel Futures Settlement Procedure Document

Exhibit A

Steel Futures Settlement Procedure Document

(additions underscored; deletions ~~struck through~~)

Steel Futures Settlement Procedure (HR, BUS, HDG, EHR, FSF)

Normal Daily Settlement Procedure

CME Group staff determines the daily settlements for U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures (CME Globex: HRC; CME ClearPort/Clearing: HR), U.S. Midwest Busheling Ferrous Scrap (AMM) Futures (BUS), U.S. Midwest Domestic Steel Premium (CRU) Futures (HDG), ~~and~~ North European Hot-Rolled Coil Steel (Argus) Futures (EHR), and HMS 80/20 Ferrous Scrap, CFR Turkey (Platts TSI) Futures (FSF) based on outright trading activity on CME Globex (Globex) and CME ClearPort (CPC) between 10:30:00 and 11:00:00 Central Time (CT), the settlement period.

Spot Month

BUS / HDG / HRC

Tier 1: If there are outright trades in the front month on Globex or CPC during the respective settlement period, then the front month contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no outright trades in the front month occur during the respective settlement period, then the contract settles to the last Globex outright, strip trade or CPC outright, calendar or strip trade that occurred between 04:00:00 and 11:00:00 CT. If the last trade is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settlement will be adjusted to the Globex bid or Globex ask.

Tier 3: If no trades occur between 04:00:00 and 11:00:00 CT in the front month, then the contract settles to the prior settlement price. If the prior settlement price is between the Globex bid/ask at the end of the respective settlement period, the contract month settles to that level. If the prior settlement price is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settlement will be adjusted to the Globex bid or Globex ask.

EHR / FSF

Tier 1: If there are outright trades in the front month on Globex or CPC during the respective settlement period, then the front month contract settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no outright trades in the front month occur during the respective settlement period, then the contract settles to the last Globex outright, strip trade or CPC outright, calendar or strip trade that occurred between 04:00:00 and 11:00:00 CT. If the last trade is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settlement will be adjusted to the Globex bid or Globex ask.

Tier 3: If no trades occur between 04:00:00 and 11:00:00 CT in the front month, then the contract settles to Average of [PRA price assessments (Day 1, Day 2, Day 3...) + average mid-price of the brokers submissions as BALMO price]. If this price is between the Globex bid/ask at the end of the respective settlement period, the contract month settles to that level. If this settlement price is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the

settlement will be adjusted to the Globex bid or Globex ask. (In the absence of submission from the brokers for the top day mid-prices, the prior settlement price will be applied as BALMO price in the forementioned formula to determine the settlement price.)

All Other Months

Tier 1: If there are outright trades in a given contract month on Globex or CPC during the respective settlement period, then that month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no outright trades in a given contract month occur during the respective settlement period, then the contract month settles to the last Globex outright, strip trade or CPC outright, calendar or strip trade that occurred between 04:00:00 and 11:00:00 CT. If the last trade is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settlement will be adjusted to the Globex bid or Globex ask.

Tier 3: If no trades occur between 04:00:00 and 11:00:00 CT in a listed contract month, the settlement will be adjusted according to the following: If the previous day's settlement when adjusted to the net change of the previous listed contract month is between the Globex bid/ask at the end of the respective settlement period, that contract month settles to that level. If the previous day's settlement adjusted to the previous listed contract month's net change is below the Globex bid or above the Globex ask that is active at the end of the respective settlement period, the settlement will be adjusted to the Globex bid or Globex ask.

Tier 4: If no trades occur between 04:00:00 and 11:00:00 CT and there is no Globex bid or Globex ask active at the end of the respective settlement period, that contract month's settlement will be adjusted to the net change of the previous listed contract month.

Final Settlement Procedure

BUS – COMEX Rulebook [Chapter 601](#)

HDG – COMEX Rulebook [Chapter 969](#)

HRC – COMEX Rulebook [Chapter 920](#)

EHR – COMEX Rulebook [Chapter 971](#)

FSF – COMEX Rulebook [Chapter 867](#)